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1990 State employee
incentive awards
program
legislative report

STATE EMPLOYEE INCENTIVE AWARDS PROGRAM

LEGISLATIVE REPORT

DECEMBER 1990

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State employee incentive awards program



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STATE EMPLOYEE INCENTIVE AWARDS PROGRAM

LEGISLATIVE REPORT AS OF DECEMBER 31, 1990

This report is prepared in compliance with 2-18-1103(6), Montana Code Annotated that provides for the Department of Administration to:

- "(6) prepare a biennial report to the legislature containing a list of incentive awards and the corresponding savings or invention and providing a general review of any recommendations for improving the program."

PROGRAM PARTICIPATION

The State of Montana's Employee Incentive Awards Program has been in operation since April, 1982. During this time, state employees have submitted 602 suggestion applications. Of these 602 suggestions, 570 have been fully evaluated and 32 are currently in various stages of the evaluation process.

Of the 570 evaluated suggestions, 491 have been denied for a variety of reasons including prior consideration of the idea by management, no projected cost savings/benefits or legal/administrative impediments. Seventy-nine applications were successful and resulted in awards totaling \$ 37,326.00. These seventy-nine award winning suggestions resulted in an estimated first year cost savings of \$1,501,770.00. The figures reported here are cumulative totals since the program's inception in 1982 and do not reflect a dollar value for some of the awards that have been received for enhancement of services without actual dollar savings.

SUGGESTION APPLICATIONS 1982 - 1990

Calendar Year	Number Received	Number Approved	Number Denied	Number Pending
1982	114	10	104	0
1983	47	6	41	0
1984	71	13	58	0
1985	58	8	50	0
1986	119	16	103	0

Calendar Year	Number Received	Number Approved	Number Denied	Number Pending
1987	46	4	42	0
1988	36	4	32	0
1989	54	11	41	2*
1990	57	7	20	30
Totals	602	79	491	32

* Pending council action.

Suggestions are received from employees from a wide variety of state agencies with the larger agencies generating the greatest number of idea applications. The Department of Highways and the Department of Social and Rehabilitation Services have submitted the greatest number of applications.

The following is a listing of where the 602 suggestions to date have come from in state government.

<u>Number of Requests</u>	<u>Agency of Suggestor</u>
5	Legislative Council
2	Supreme Court
5	Governor's Office
4	State Auditor's Office
4	Office of Public Instruction
1	Secretary of State
17	Justice
3	Universities
1	Historical Society
28	Fish, Wildlife, and Parks
12	Health and Environmental Sciences
1	Agriculture
105	Highways
1	Livestock
7	State Lands

Number of
Requests

Agency of Suggestor

9	Natural Resources and Conservation
59	Revenue
49	Administration
51	Institutions
14	Commerce
48	Labor and Industry
92	Social and Rehabilitation Services
1	State Fund

EVALUATION PROCESS

When a suggestion application is received by the program, the application must progress through a variety of evaluation steps before a determination is made by the advisory council to accept or reject the suggestion. Of the thirty-four unprocessed applications, four are pending advisory council evaluation, thirty-two are pending agency evaluation.

Each Incentive Award Application is evaluated as follows:

1. The application is sent to the State Personnel Division where it is date stamped and logged into a journal.
2. The State Personnel Division sends a letter of acknowledgement to the originator.
3. The application is reviewed by a job classification analyst to determine:
 - a. if the suggestion is within the scope of the originator's job; and
 - b. which agency or agencies will be impacted by the suggestion.

The originator's name and agency of employment are deleted from the application at this time. It is then forwarded to the agency or agencies of potential impact for review.

4. Each state agency has a committee or a coordinator who then evaluates the application for operational costs and benefits, and makes a recommendation for granting or denying an award.

5. The agency's recommendation is returned to the State Personnel Division for the Incentive Awards Advisory Council to review. The Council meets every two to three months to review and approve or disapprove the agencies' recommendations.
6. The application originator is then notified by letter of whether or not their application has received an award.
7. The Governor presents award winners with a plaque signifying the award and a check representing 10% of the first year's estimated cost savings or a recommended amount for suggestions improving services.

EVALUATION CRITERIA

The criteria used to evaluate each suggestion are described in the Montana Operations Manual, Policy 3-0505, Section 2.21.6703, Policy and Objectives. This policy provides that:

"an employee may be eligible for an incentive award if his suggestion or invention results in:

- (a) eliminating or reducing an agency's expenditures in a manner that does not reduce the ability of the agency to meet its program objectives or reduce its ability to serve the public; or
- (b) improving services to the public by permitting more work to be accomplished within an agency without increasing the cost of governmental operations."

Each employee incentive award application is evaluated on its ability to either reduce governmental or agency expenditures or to improve governmental or agency services at no additional cost. The 1989 and 1990 award winning ideas are listed on the attached chart.

AWARDS AND COST SAVINGS REALIZED

Since the program's inception in April of 1982, awards totaling \$37,326.00 have been presented to 92 different employees for 79 award-winning ideas (eleven awards were shared). Since the last biennial report, \$11,106.00 was awarded in 1989 for 11 approved applications to twelve recipients which averaged \$925.50 per recipient and in calendar year 1990, \$9,966.00 was awarded for 8 approved applications to 9 recipients, for an award average of \$1,107.33 per recipient.

The total amount of first year savings generated by all 79 total award winning ideas has been estimated at \$1,501,770.00. Average savings per award winning suggestion is approximately \$19,000.00. Awards amounted to \$37,326.00 or only 2.5% of the total savings generated by the award winning ideas.

PROGRAM COSTS AND SAVINGS EVALUATION

\$ 1,501,770	First year savings from suggestions.
- 37,326	Award costs.
- 5,500	Administrative Costs - State Personnel Division and Advisory Council*
- <u>30,655</u>	Administrative Costs - Agencies*
\$ 1,438,289	Net Savings

* Estimated costs to agencies for program operation.

Program administration costs since 1982 have been estimated at \$36,155.00 shared between the Department of Administration and individual agencies which evaluate ideas for potential impact to their operations and/or services. All personal services and operations costs are absorbed in agency budgets.

The cumulative savings realized from first year savings (\$1,501,770.00) less absorbed program costs (\$36,155.00) and the costs of awards (\$37,326.00), represents the net benefit of the program to date of \$1,428,289.00 or an estimated cost savings of \$20 for every \$1.00 expended.

<p>MEMBERS OF THE INCENTIVE AWARDS ADVISORY COUNCIL</p>

Renee Erdman	Licensing Bureau State Auditor's Office
Jim Adams	Director of Field Services Montana Public Employees Association
Janet Myren	Administrative Assistant Department of Social & Rehabilitation Services
Russell G. McDonald	Administrator, Personnel Division Department of Highways
Lois A. Menzies	Gambling Control Division Department of Justice
John H. Noble	Deputy Commissioner for Management and Fiscal Affairs University System
Jack Ellery	Deputy Director, Department of Revenue
Laurie Ekanger	(Chairperson), Administrator, State Personnel Division Department of Administration

The Council and the program are provided staff support by:

Catherine Mason	Administrative Officer, State Personnel Division Department of Administration
Tina Petersen	Administrative Assistant, State Personnel Division Department of Administration

1989-1990 AWARD WINNING IDEAS

<u>Recipient</u>	<u>Agency</u>	<u>Award</u>	<u>Savings</u>	<u>Award Winning Idea</u>
CARL GRESS	Highways	\$ 166	\$ 1,664	Carl suggested an adjustable counter balance for changing road signs.
DENNIS DUPRE	Highways	\$3,000	\$ 30,000 +	Dennis suggested using a vendor from the market place for maintenance contracts on computer hardware rather than contracting through the manufacturers.
GLENDA PENNINGTON	State Fund	\$ 50	\$ 500	Glenda suggested using generic codes for faster processing of new claims for workers' compensation insurance.
JAMES ZANDRA	Labor	\$1,200	\$ 12,000	James suggested replacing audit forms with a memorandum to skip indicating "no changes" and avoid recalculating the totals.
JANE KORIN	SRS	\$3,000	\$177,000	Jane suggested SRS grant overtime rates to the long term care specialists in order to complete the federal OBRA mandate of 6000 screens for nursing home residents rather than contract for those services.
FREDERICK FRY	Labor	\$ 50	\$ 4,650	Fred suggested combining initial monetary determination and paycards into one mailing for unemployment insurance claims.
BERDENE STEEN	Highways	\$ 440	\$ 4,400	Berdene suggested the elimination of notice for all persons holding an interest in the property for right-of-way on temporary construction projects.
SUSAN REAVLEY	Deaf and Blind	\$ 50	\$ 5,000	Susan suggested the use of inter-office envelopes for inter-office correspondence.

<u>Recipient</u>	<u>Agency</u>	<u>Award</u>	<u>Savings</u>	<u>Award Winning Idea</u>
BERNARD BOYD AND DEBRA STIPCICH	SRS	\$ 25	Improve Public Relations	Debra suggested a new mail "slug" for the Department of Social and Rehabilitation Services.
GARY McDONALD	FW&P	\$ 100	\$ 4,250	Gary suggested a metal frame for the interstate signs used statewide by FW&P.
TERRY KRAMER	Admin.	\$3,000	\$103,676	Terry suggested and created a new way of controlling and managing media resources on the mainframe.
TOM GREASON	FW&P	\$ 300	\$ 3,000	Tom suggested the purchase of items from Central Stores rather than from the FW&P warehouse.
LARRY TEGG	DNRC	\$3,000	\$516,375	Larry suggested an automated system for the rubber gates at the Broadwater Power Project.
DOROTHY KELLEY	Highways	\$ 100	\$ 990	Dorothy suggested the use of PC's to communicate road reports.
CHARLES LEGGATE	SRS	\$3,000	\$ 98,174	Charles suggested the discontinuance of general physical examinations on healthy people for the Rehabilitation and Visual Services Divisions.
DEBRA BLOSSOM	Labor	\$ 430	\$ 4,308	Debra suggested and developed a Lotus spreadsheet for use by Compliance Specialists in the uninsured employer's fund.
DEBBIE CHEEK and SHIRLEY BROYLES	FW&P	\$3,000	Enhanced Services	Debbie and Shirley suggested the pilot volunteer program for the Department of Fish, Wildlife, and Parks.

<u>Recipient</u>	<u>Agency</u>	<u>Award</u>	<u>Savings</u>	<u>Award Winning Idea</u>
MARTIN BAUMAN	Legis. Council	\$ 86	\$ 858	Martin suggested photocopying news articles rather than gluing and saving the originals.
JO NAN LONGMIRE	SRS	\$ 50	\$ 403	Jo Nan suggested the State Fund Insurance Warrants for child support be dead-headed or picked up once per day using one warrant rather than numerous pickups and warrants.

